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By: **Delegates Hixson, Bozman, C. Davis, Gordon, Healey, and Patterson**  
Introduced and read first time: February 4, 2004  
Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Heritage Structure Rehabilitation Program**

3 FOR the purpose of establishing the Maryland Heritage Structure Rehabilitation  
4 Program to provide funding for rehabilitation of historic properties and other  
5 properties contributing to a historic district or a certified heritage area;  
6 requiring the Director of the Maryland Historical Trust in the Department of  
7 Housing and Community Development to adopt certain regulations and to  
8 establish an application process for the award of grants under the Program;  
9 providing limits on the amount of certain grants for certain purposes; defining  
10 certain terms; and generally relating to the Maryland Heritage Structure  
11 Rehabilitation Program.

12 BY adding to  
13 Article 83B - Department of Housing and Community Development  
14 Section 5-613.1  
15 Annotated Code of Maryland  
16 (2003 Replacement Volume)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article 83B - Department of Housing and Community Development**

20 5-613.1.

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
22 INDICATED.

23 (2) "BUSINESS ENTITY" MEANS A PERSON CONDUCTING OR OPERATING  
24 A TRADE OR BUSINESS IN THE STATE.

25 (3) "CERTIFIED HERITAGE AREA" HAS THE MEANING STATED IN §  
26 13-1101 OF THE FINANCIAL INSTITUTIONS ARTICLE.

27 (4) (I) "CERTIFIED HERITAGE STRUCTURE" MEANS A STRUCTURE  
28 THAT IS LOCATED IN THE STATE AND IS:

- 1 LISTED IN THE NATIONAL REGISTER OF HISTORIC  
2 PLACES;
- 3 2. DESIGNATED AS A HISTORIC PROPERTY UNDER LOCAL  
4 LAW AND DETERMINED BY THE DIRECTOR TO BE ELIGIBLE FOR LISTING ON THE  
5 NATIONAL REGISTER OF HISTORIC PLACES;
- 6 3. A. LOCATED IN A HISTORIC DISTRICT LISTED ON THE  
7 NATIONAL REGISTER OF HISTORIC PLACES OR IN A LOCAL HISTORIC DISTRICT THAT  
8 THE DIRECTOR DETERMINES IS ELIGIBLE FOR LISTING ON THE NATIONAL REGISTER  
9 OF HISTORIC PLACES; AND
- 10 B. CERTIFIED BY THE DIRECTOR AS CONTRIBUTING TO THE  
11 SIGNIFICANCE OF THE DISTRICT; OR
- 12 4. LOCATED IN A CERTIFIED HERITAGE AREA AND  
13 CERTIFIED BY THE MARYLAND HERITAGE AREAS AUTHORITY AS CONTRIBUTING TO  
14 THE SIGNIFICANCE OF THE CERTIFIED HERITAGE AREA.
- 15 (II) "CERTIFIED HERITAGE STRUCTURE" DOES NOT INCLUDE A  
16 STRUCTURE THAT IS OWNED BY THE STATE, A POLITICAL SUBDIVISION OF THE  
17 STATE, OR THE FEDERAL GOVERNMENT.
- 18 (5) "CERTIFIED REHABILITATION" MEANS A COMPLETED  
19 REHABILITATION OF A CERTIFIED HERITAGE STRUCTURE THAT THE DIRECTOR  
20 CERTIFIES IS A SUBSTANTIAL REHABILITATION IN CONFORMANCE WITH THE  
21 REHABILITATION STANDARDS OF THE UNITED STATES SECRETARY OF THE  
22 INTERIOR.
- 23 (6) "COMMERCIAL REHABILITATION" MEANS A REHABILITATION OF A  
24 STRUCTURE OTHER THAN A SINGLE-FAMILY, OWNER-OCCUPIED RESIDENCE.
- 25 (7) "DIRECTOR" MEANS THE DIRECTOR OF THE MARYLAND HISTORICAL  
26 TRUST.
- 27 (8) "LOCAL HISTORIC DISTRICT" MEANS A DISTRICT THAT THE  
28 GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION, OR THE MAYOR AND  
29 CITY COUNCIL OF BALTIMORE, HAS DESIGNATED UNDER LOCAL LAW AS HISTORIC.
- 30 (9) "QUALIFIED REHABILITATION EXPENDITURE" MEANS ANY AMOUNT  
31 THAT:
- 32 (I) IS PROPERLY CHARGEABLE TO A CAPITAL ACCOUNT;
- 33 (II) IS EXPENDED IN THE REHABILITATION OF A STRUCTURE THAT  
34 BY THE END OF THE CALENDAR YEAR IN WHICH THE CERTIFIED REHABILITATION IS  
35 COMPLETED IS A CERTIFIED HERITAGE STRUCTURE;
- 36 (III) IS EXPENDED IN COMPLIANCE WITH A PLAN OF PROPOSED  
37 REHABILITATION THAT HAS BEEN APPROVED BY THE DIRECTOR AND DOES NOT

1 EXCEED THE ESTIMATED AMOUNT OF PROPOSED REHABILITATION EXPENDITURES  
2 STATED IN THE APPLICATION FOR APPROVAL OF THE PLAN OF PROPOSED  
3 REHABILITATION; AND

4 (IV) IS NOT FUNDED, FINANCED, OR OTHERWISE REIMBURSED BY  
5 ANY:

6 1. STATE OR LOCAL GRANT;

7 2. GRANT MADE FROM THE PROCEEDS OF TAX-EXEMPT  
8 BONDS ISSUED BY THE STATE, A POLITICAL SUBDIVISION OF THE STATE, OR AN  
9 INSTRUMENTALITY OF THE STATE OR OF A POLITICAL SUBDIVISION OF THE STATE;

10 3. STATE TAX CREDIT; OR

11 4. OTHER FINANCIAL ASSISTANCE FROM THE STATE OR A  
12 POLITICAL SUBDIVISION OF THE STATE, OTHER THAN A LOAN THAT MUST BE REPAID  
13 AT AN INTEREST RATE THAT IS GREATER THAN THE INTEREST RATE ON GENERAL  
14 OBLIGATION BONDS ISSUED BY THE STATE AT THE MOST RECENT BOND SALE PRIOR  
15 TO THE TIME THE LOAN IS MADE.

16 (10) "SUBSTANTIAL REHABILITATION" MEANS REHABILITATION OF A  
17 STRUCTURE FOR WHICH THE QUALIFIED REHABILITATION EXPENDITURES, DURING  
18 THE 24-MONTH PERIOD SELECTED BY THE INDIVIDUAL OR BUSINESS ENTITY  
19 ENDING WITH OR WITHIN THE CALENDAR YEAR, EXCEED:

20 (I) FOR OWNER-OCCUPIED RESIDENTIAL PROPERTY, \$5,000; OR

21 (II) FOR ALL OTHER PROPERTY, THE GREATER OF:

22 1. THE ADJUSTED BASIS OF THE STRUCTURE; OR

23 2. \$5,000.

24 (B) (1) THE DIRECTOR SHALL ADOPT REGULATIONS TO:

25 (I) ESTABLISH PROCEDURES AND STANDARDS FOR CERTIFYING  
26 HERITAGE STRUCTURES AND REHABILITATIONS UNDER THIS SECTION;

27 (II) ESTABLISH AN APPLICATION PROCESS FOR MARYLAND  
28 HERITAGE STRUCTURE REHABILITATION GRANTS CONSISTENT WITH THE  
29 REQUIREMENTS OF THIS SUBSECTION; AND

30 (III) ESTABLISH A COMPETITIVE AWARD PROCESS FOR MARYLAND  
31 HERITAGE STRUCTURE REHABILITATION GRANTS THAT:

32 1. ENSURES GRANTS ARE AWARDED IN A MANNER THAT  
33 REFLECTS THE GEOGRAPHIC DIVERSITY OF THE STATE; AND

34 2. FAVORS THE AWARD OF GRANTS FOR REHABILITATIONS  
35 OF STRUCTURES THAT ARE UNLIKELY TO OCCUR WITHOUT THE GRANTS.

1           (2)     THE DIRECTOR MAY NOT CERTIFY THAT A REHABILITATION IS A  
2 CERTIFIED REHABILITATION ELIGIBLE FOR A GRANT PROVIDED UNDER THIS  
3 SECTION UNLESS THE INDIVIDUAL OR BUSINESS ENTITY SEEKING CERTIFICATION  
4 STATES UNDER OATH THE AMOUNT OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S  
5 QUALIFIED REHABILITATION EXPENDITURES.

6           (3)     EACH YEAR, THE DIRECTOR MAY ACCEPT APPLICATIONS FOR  
7 APPROVAL OF PLANS OF PROPOSED REHABILITATION BETWEEN JANUARY 1 AND  
8 MARCH 31.

9           (4)     EACH YEAR, THE DIRECTOR MAY NOT ACCEPT AN APPLICATION FOR  
10 APPROVAL OF PLANS OF PROPOSED REHABILITATION IF:

11                   (I)     ANY SUBSTANTIAL PART OF THE PROPOSED REHABILITATION  
12 WORK HAS BEGUN; OR

13                   (II)    THE APPLICANT FOR A COMMERCIAL REHABILITATION HAS  
14 PREVIOUSLY SUBMITTED THREE OR MORE APPLICATIONS FOR COMMERCIAL  
15 REHABILITATIONS WITH TOTAL PROPOSED REHABILITATIONS EXCEEDING \$500,000  
16 IN THAT YEAR.

17   (C)   (1)     EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, FOR THE  
18 CALENDAR YEAR IN WHICH A CERTIFIED REHABILITATION IS COMPLETED, AN  
19 INDIVIDUAL OR BUSINESS ENTITY MAY RECEIVE A GRANT IN AN AMOUNT EQUAL TO  
20 20% OF THE INDIVIDUAL'S OR BUSINESS ENTITY'S QUALIFIED REHABILITATION  
21 EXPENDITURES FOR THE REHABILITATION.

22                   (2)    (I)     FOR ANY COMMERCIAL REHABILITATION, THE STATE GRANT  
23 ALLOWED UNDER THIS SECTION MAY NOT EXCEED \$3,000,000.

24                   (II)    FOR A REHABILITATION OTHER THAN A COMMERCIAL  
25 REHABILITATION, THE STATE GRANT ALLOWED UNDER THIS SECTION MAY NOT  
26 EXCEED \$25,000.

27                   (III)   FOR THE PURPOSES OF THE LIMITATION UNDER  
28 SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE FOLLOWING SHALL BE TREATED AS A  
29 SINGLE COMMERCIAL REHABILITATION:

30                               1.     THE PHASED REHABILITATION OF THE SAME STRUCTURE  
31 OR PROPERTY;

32                               2.     THE SEPARATE REHABILITATION OF DIFFERENT  
33 COMPONENTS OF THE SAME STRUCTURE OR PROPERTY; OR

34                               3.     THE REHABILITATION OF MULTIPLE STRUCTURES THAT  
35 ARE FUNCTIONALLY RELATED TO SERVE AN OVERALL PURPOSE.

36   (D)   (1)     THE AMOUNT OF FUNDS FOR COMMERCIAL REHABILITATION  
37 GRANTS SHALL BE AS PROVIDED IN THE STATE BUDGET.

1 (2) THE AMOUNT OF FUNDS FOR OWNER-OCCUPIED REHABILITATION  
2 GRANTS SHALL BE AS PROVIDED IN THE STATE BUDGET.

3 (E) (1) IN THIS SUBSECTION, "DISQUALIFYING WORK" MEANS WORK THAT:

4 (I) IS PERFORMED ON A CERTIFIED HERITAGE STRUCTURE FOR  
5 WHICH A REHABILITATION HAS BEEN CERTIFIED UNDER THIS SECTION; AND

6 (II) IF PERFORMED AS PART OF THE REHABILITATION CERTIFIED  
7 UNDER THIS SECTION, WOULD HAVE MADE THE REHABILITATION INELIGIBLE FOR  
8 CERTIFICATION.

9 (2) THE GRANT ALLOWED UNDER THIS SECTION SHALL BE  
10 RECAPTURED AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION IF, DURING THE  
11 CALENDAR YEAR IN WHICH A CERTIFIED REHABILITATION IS COMPLETED OR ANY  
12 OF THE 4 CALENDAR YEARS SUCCEEDING THE CALENDAR YEAR IN WHICH THE  
13 CERTIFIED REHABILITATION IS COMPLETED, ANY DISQUALIFYING WORK IS  
14 PERFORMED ON THE CERTIFIED HERITAGE STRUCTURE FOR WHICH THE CERTIFIED  
15 REHABILITATION HAS BEEN COMPLETED.

16 (3) (I) 1. IF THE DISQUALIFYING WORK IS PERFORMED DURING  
17 THE CALENDAR YEAR IN WHICH THE CERTIFIED REHABILITATION WAS COMPLETED,  
18 100% OF THE GRANT SHALL BE RECAPTURED.

19 2. IF THE DISQUALIFYING WORK IS PERFORMED DURING  
20 THE FIRST FULL YEAR SUCCEEDING THE CALENDAR YEAR IN WHICH THE CERTIFIED  
21 REHABILITATION WAS COMPLETED, 80% OF THE GRANT SHALL BE RECAPTURED.

22 3. IF THE DISQUALIFYING WORK IS PERFORMED DURING  
23 THE SECOND FULL YEAR SUCCEEDING THE CALENDAR YEAR IN WHICH THE  
24 CERTIFIED REHABILITATION WAS COMPLETED, 60% OF THE GRANT SHALL BE  
25 RECAPTURED.

26 4. IF THE DISQUALIFYING WORK IS PERFORMED DURING  
27 THE THIRD FULL YEAR SUCCEEDING THE CALENDAR YEAR IN WHICH THE  
28 CERTIFIED REHABILITATION WAS COMPLETED, 40% OF THE GRANT SHALL BE  
29 RECAPTURED.

30 5. IF THE DISQUALIFYING WORK IS PERFORMED DURING  
31 THE FOURTH FULL YEAR SUCCEEDING THE CALENDAR YEAR IN WHICH THE  
32 CERTIFIED REHABILITATION WAS COMPLETED, 20% OF THE GRANT SHALL BE  
33 RECAPTURED.

34 (II) THE INDIVIDUAL OR BUSINESS ENTITY THAT RECEIVED THE  
35 GRANT SHALL PAY THE AMOUNT TO BE RECAPTURED AS DETERMINED UNDER  
36 SUBPARAGRAPH (I) OF THIS PARAGRAPH TO THE STATE FOR THE CALENDAR YEAR IN  
37 WHICH THE DISQUALIFYING WORK IS PERFORMED.

38 (F) (1) ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DIRECTOR SHALL  
39 REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT

1 ARTICLE, TO THE GENERAL ASSEMBLY, ON THE GRANTS AWARDED UNDER THIS  
2 SECTION FOR THAT CALENDAR YEAR.

3 (2) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS  
4 SUBSECTION SHALL INCLUDE FOR EACH COMMERCIAL REHABILITATION GRANT  
5 AWARDED DURING THE CALENDAR YEAR:

6 (I) THE NAME OF THE OWNER OR DEVELOPER OF THE  
7 COMMERCIAL REHABILITATION;

8 (II) THE NAME AND ADDRESS OF THE PROPOSED OR CERTIFIED  
9 REHABILITATION AND THE COUNTY WHERE THE PROJECT IS LOCATED;

10 (III) THE DATES OF RECEIPT AND APPROVAL BY THE DIRECTOR OF  
11 ALL APPLICATIONS REGARDING THE PROJECT, INCLUDING APPLICATIONS:

12 1. FOR CERTIFICATION THAT A STRUCTURE OR PROPERTY  
13 WILL QUALIFY AS A CERTIFIED HERITAGE STRUCTURE;

14 2. FOR APPROVAL OF THE PROPOSED REHABILITATION; AND

15 3. FOR CERTIFICATION OF THE COMPLETED  
16 REHABILITATION; AND

17 (IV) THE ESTIMATED REHABILITATION EXPENDITURES STATED IN  
18 THE APPLICATION FOR APPROVAL OF THE PLAN OF PROPOSED REHABILITATION.

19 (3) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS  
20 SUBSECTION SHALL INCLUDE FOR EACH CATEGORY OF CERTIFIED  
21 REHABILITATIONS:

22 (I) THE TOTAL NUMBER OF APPLICANTS FOR:

23 1. CERTIFICATION THAT A STRUCTURE OR PROPERTY WILL  
24 QUALIFY AS A CERTIFIED HERITAGE STRUCTURE;

25 2. APPROVAL OF PROPOSED REHABILITATIONS; OR

26 3. CERTIFICATION OF THE COMPLETED REHABILITATIONS;

27 (II) THE NUMBER OF PROPOSED REHABILITATION GRANTS  
28 APPROVED; AND

29 (III) THE TOTAL ESTIMATED REHABILITATION EXPENDITURES  
30 STATED IN APPROVED APPLICATIONS FOR APPROVAL OF PLANS OF PROPOSED  
31 REHABILITATION AND THE TOTAL QUALIFIED REHABILITATION EXPENDITURES FOR  
32 COMPLETED REHABILITATIONS CERTIFIED.

33 (4) THE INFORMATION REQUIRED UNDER PARAGRAPH (3) OF THIS  
34 SUBSECTION SHALL BE PROVIDED IN THE AGGREGATE AND SEPARATELY FOR EACH  
35 OF THE FOLLOWING CATEGORIES OF CERTIFIED REHABILITATIONS:

**HOUSE BILL 679**

1 (I) OWNER-OCCUPIED SINGLE FAMILY RESIDENTIAL  
2 STRUCTURES; AND

3 (II) COMMERCIAL REHABILITATIONS.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
5 effect October 1, 2004.